The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. REED pertaining to the introduction of S. 1475 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. REED. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. CONRAD. Mr. President, I ask unanimous consent that I may be permitted to continue past the hour of 10:30 in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

THE FARM CRISIS

Mr. CONRAD. Mr. President, I wanted an opportunity to talk about the farm crisis that is now facing our country, and certainly facing my State. I represent North Dakota, which is one of the most agricultural States in the Nation. There is no question that our farmers are facing a crisis of really unprecedented proportion.

As I go around my State, every place that I have a farm meeting, farmers have a sense of hopelessness. One of the reasons is that is happening to farm income. I have just come from a hearing where the Secretary of Agriculture is testifying. We were talking there about the pattern of farm income. It is very interesting, if you back out Government payments, which have been increasing now in the last several years in response to this economic calamity—in 1996, farm income absent Government payments was $46 billion.

This year farm income, absent Government payments, is estimated to be $27 billion. Farm income from the prices that farmers receive for the commodities they sell is in a virtual free-fall.

This chart shows headlines from the newspapers back home talking about what is happening to farm prices. The first one is from the major paper in our State: ''Going down, down, down. USDA sees lower prices for wheat, corn, soybeans, and other major crops.''

Another major story: ''Lower crop prices predicted.''

Again, the story is the same—collapsing farm prices.

Farmers have been hurt by more than low prices. They have been hurt by what I call the ''triple whammy'' of bad prices, bad weather, and bad policy.

The bad prices are right at the heart of what is causing this farm collapse. This chart shows farm prices of two major commodities, wheat and barley, for a 53-year period. It really tells the story.

These are inflation-adjusted prices. So we are comparing apples to apples.

These are what farmers have been receiving for these major commodities from 1946 to 1999. You can see that the blue line is wheat. Wheat has gone from almost $18 a bushel back in the 1940s to about $2.50 a bushel today—a long-term price decline without many real interruptions, although we saw a major one back in the 1970s. We all remember that period when farm prices skyrocketed. But absent that, we have really been in a long-term price decline for wheat, barley, and many other commodities as well.

I think this chart tells a very important story because it compares the prices farmers receive for what they sell and the prices they pay for what they buy.

The green line goes back to 1991 and shows what prices farmers are paying for the inputs that they must buy to produce crops. You can see that the prices farmers pay have been going up very sharply. On the other hand, prices that farmers have been receiving went up to a peak in 1996—interestingly enough, right at the time we passed the last farm bill. In fact, we were told at the time we would see permanently high farm prices. That proved to be absolutely wrong. Those permanently high prices lasted about 90 days. Since then, we have seen a virtual price collapse.

Just as I indicated before, prices farmers have been receiving have been dropping dramatically, and the prices for the things they pay have been rising inexorably. That creates this enormous gap between the prices they are paying and the prices they are receiving. That is what has led to that reduction in farm income I talked about in my initial remarks. This is a crisis by any definition.

If we look at what is happening to individual commodities in relationship to the prices farmers receive and the actual costs of producing those commodities, we can see it very clearly.

This is what has happened with respect to wheat prices. The green line is the cost of production. The red line is the prices farmers are receiving for their product. You can see the prices farmers receive are far below the costs of producing the product. That is what has led to this cash flow crunch. That is why farmers are telling us: If you do not take dramatic action, tens of thousands of us are going to go out of business.

In my State, the estimates are that we will lose 20 or 30 percent of our farmers in the next 18 months unless we act. Let me repeat that. In North Dakota, we are being told by the experts at the State university and major farm organizations that unless we act we will lose 20 to 30 percent of the farmers in my State in the next 18 months. That is a crisis.

It is not just in wheat. You see the same pattern. This is soybeans. We don't grow many soybeans in North Dakota. Soybeans are grown further south and to the east. But you can see the same kind of pattern.

Here is the cost of production. Here is what the farmers are receiving. Since 1997, farmers are well below the cost of production with respect to soybeans. In wheat, the pattern is the same, and in soybeans. But there are other crops as well that are critically important.

This shows what has happened in corn. The red line again is the price. The green line is the cost of production. Since 1997, we have been below the cost of production in corn.

You can't stay in business very long in that circumstance. You can't stay in business very long when you are getting less in terms of a price for your product than what it costs you to produce that product. You can hang in there a while as you give up equity and as you go backwards on your balance sheet, but at some point the banker comes calling. He says: Mr. farmer, you are out of business. You can't continue to lose equity.

The result has been that we have started to lose farm families in my State in a very dramatic way. Back in 1989 we had over 28,000 family farmers in our State. We can see that we held that in 1990, and in 1991 we saw a drop of about a thousand farmers. Then, in 1992, we actually got some recovery. In 1993, we dropped down to about 26,000. Since then, it has been a constant erosion, so that now we are down to about 22,000 family-sized farms in our State. It is really a dramatic decline in the last 20 years—almost a 20-percent drop.

Remember what I said. The experts are telling us now that we could see another 20-percent drop in just the next 18 months—perhaps even more than that; perhaps even as much as a 30-percent loss unless we act.

What are the reasons for this? Part of the reason is the financial collapse in Asia and the financial collapse in Russia because those were major customers for our farm commodities. But there are other reasons as well.

I believe one of the key reasons is the budget decisions that were made at the time of the last farm bill. The last farm bill had some strengths to it, some pluses. The biggest strength, I believe, is the flexibility it provided to farmers to plant for the market rather than a farm program. But we also made some budget decisions at the time that made it very difficult to write any kind of reasonable farm bill.

This chart shows what I am talking about. It shows the resources that were provided to agriculture under the previous farm bill. That averaged $10 billion a year. The new farm bill provided $5 billion a year. In other words, the support for agriculture was cut in half at the time of the last farm bill.

That has special implications because if we look at what was happening with our major competitors, we see that they were doing something quite differently. While we were dramatically cutting our support for producers, our European competitors—our major competitors—were maintaining very high levels of support. The Europeans were spending, on average, $44 billion a year—on average, $6 billion for us. This is from 1996 to 1999, just those 3 years. You can see that the Europeans really have us whipsawed. They are outspending us seven to one. They are winning their competition the old-fashioned way. They are buying these markets. That is what the Europeans are up to.

Unfortunately, we are engaged in unilateral disarmament. We are cutting in the face of massive superiority on the other side. One of the chief trade negotiators for the Europeans told me several years ago: Senator, we believe we are in a trade war in agriculture. We believe at some point there will be a cease-fire. We believe there will be a cease-fire in place, and we want to occupy the high ground. The high ground is market share.

That is exactly what they are up to. And how well it is working. They have gone, in 20 years, from being major importers to being major exporters. In fact, they have surpassed the United States in terms of agriculture exports. One of the ways they have done it is to spend enormous sums of money to put themselves in a position of superiority.

This chart shows how the European Union is flooding the world with agricultural export subsidies. This is the European share of world agricultural export subsidies, accounting for nearly 84 percent of all world agricultural export subsidies; the United States' share, this little red piece of the pie, is 1.4 percent. They are outgunning the United States 60 to 1.

It is no wonder farm income is declining. It is no wonder exports are declining. It is no wonder our farmers are under enormous pressure. They are under enormous pressure because our European friends have a plan and a strategy to dominate world agricultural trade. Again, they are doing it the old-fashioned way: They are buying these markets. They think the United States is asleep. They think we will not fight back. They have told me: Senator, we think you are so prosperous in so many other areas, you will give up on agriculture.

So far, we are proving them right. We are engaged in unilateral disarmament in a trade confrontation. We would never do it in a military confrontation. Why are we doing it? Why are we giving up and letting them dominate world agricultural trade? What are the implications this fall when we go to negotiate with them? I can tell you what I believe the implications are. I believe we are headed for a guaranteed loss.

I was referring to the trade negotiator for the Europeans saying to me they believe we are in a trade war. They believe at some point there will be a cease-fire. They believe there will be a cease-fire in place, and they want to occupy the high ground. The high ground is market share. He is right. That is the high ground. We are headed into negotiations with them this fall, and we have no leverage. How will we possibly get a good result when they have America outspent 7 to 1 in overall support, 60 to 1 in export subsidies? How are we going to win that negotiation? What is our leverage to change this relationship? There is no leverage. We are going to lose unless we do something.

I personally believe we have to rearm in agriculture, to put more resources into the fight, to send the Europeans a clear and unmistakable message that the United States is not going to roll over; we are not going to surrender; we are not going to wave a white flag and turn over world agricultural trade to them; we will insist on a level playing field.

In the last trade negotiation, that gap existed as well. The Europeans have a much higher level of support than we have. Did that gap close? Did our level of support go up? Did the European level go down? Did the gap close? No, it did not. Instead, we got equal percentage reductions on both sides from an unequal base, leaving the Europeans in the superior position.

If we look back at the last trade negotiation, we got a 36-percent reduction in export trade subsidy and a 24-percent reduction in internal support on both sides. But the Europeans were at a much higher level. When there are equal percentage reductions from unequal bases, the Europeans remain in a superior position. It does not take a whole lot to figure out that if we continue that pattern of equal percentage reductions from an unequal basis, we will continue to leave the Europeans in a superior position; we will continue to leave our farmers at a competitive disadvantage; we will continue to sign the death warrant of tens of thousands of family farmers.

That is the hard reality of what we confront. We have before the Senate a disaster response. It is clearly called for. It is clearly necessary to meet this collapse of farm income and to meet these adverse weather conditions.

With respect to weather, in my State there are 3 million acres of land not even planted this year. There are millions more planted very late because of overly wet conditions. It may sound strange out here on the east coast. I saw a story in an east coast newspaper that in one location they are out painting the grass green because of the drought. We can't paint a crop; we can't go out and paint wheat and somehow make it healthy. We can't paint corn. It doesn't work. Maybe one can paint a lawn. I have never seen that done. It sounds rather bizarre to me, but that is what they were doing in New Jersey the other day. They were painting the lawn green, trying to respond to this drought. That is an unusual response. But it is not going to work in agriculture. Farmers in West Virginia, in Delaware, and in Maryland cannot go out and paint a crop. That will not do the job. The fact is, they don't have a crop.

In my part of the country it is not drought; it is overly wet conditions, 5 and 6 years of incredibly wet conditions. You cannot even get into the fields to plant. There has to be a disaster response. It has to deal with the bad weather. It has to deal with these ruinously low prices. Yes, it has to deal with the bad policy of putting our farmers at a severe disadvantage to their European competitors.

We are telling our farmers: Go out there and compete against the French farmer, the German farmer; and while you are at it, take on the French and German Governments as well. That is not a fair fight. We have to help level the playing field.

Yes, there has to be a disaster response, absolutely. But there has to be more than that. There has to be a long-term policy response. We have to be able to say to our European competitors that the United States is not going to roll over; we are not going to surrender; we are not going to give up the agricultural markets; we intend to fight.

That is why I have introduced legislation we call the Fight bill, Farm Income and Equity Act, to level the playing field. If the Europeans are going to play the game this way, we will play it that way. We will fight back. We will put our farmers in a place that they can compete. That is fair. That puts us in a position to go to the next trade talks and have a chance to come out winners rather than losers.

Mr. COCHRAN. Will the Senator yield?

Mr. CONRAD. I am happy to yield to the Senator.

Mr. COCHRAN. I don't recall when the Senator began talking, but we were to go back on the bill at 10:30. I understand we are not on the bill. I was going to ask if the Senator would yield for that purpose.

Mr. CONRAD. I am happy to yield. I just reached the conclusion.

I am happy to yield with the concluding thought that we do need to respond. We need to respond to this disaster emergency. We also need to respond with a longer-term policy change.

I yield the floor.

CBO COST ESTIMATE—S. 244

Mr. MURKOWSKI. Mr. President, on July 30, 1999, I filed Report 106–130 to accompany S. 244, the Lewis and Clark Rural Water System Act of 1999, that had been ordered favorable reported on July 28, 1999. At the time the report was filed, the estimate by the Congressional Budget Office was not available. The estimate is now available and concludes that enactment of S. 244, which authorizes the appropriation of $244